



Philip W. Tomlinson
Chief Executive Officer

March 10, 2004

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders at 10:00 a.m. on Thursday, April 15, 2004, at the TSYS Riverfront Campus Auditorium, 1600 First Avenue, Columbus, Georgia. Enclosed with this Proxy Statement are your proxy card and the 2003 Annual Report.

We hope that you will be able to be with us and let us give you a review of 2003. If you are unable to attend the meeting, you can listen to it live and view the slide presentation over the Internet. You can access the meeting by going to our website at www.tsys.com. Additionally, we will maintain copies of the slides and audio of the presentation to the 2004 Annual Meeting on the website for reference after the meeting.

Whether you own a few or many shares of stock and whether or not you plan to attend in person, it is important that your shares be voted on matters that come before the meeting. To make sure your shares are represented, we urge you to vote promptly.

Thank you for helping us make 2003 a good year. We look forward to your continued support in 2004 and another good year.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'P. Tomlinson', is written over a light blue horizontal line.

PHILIP W. TOMLINSON

TOTAL SYSTEM SERVICES, INC.®

NOTICE OF THE 2004 ANNUAL MEETING OF SHAREHOLDERS

- TIME 10:00 a.m. E.T.
Thursday, April 15, 2004
- PLACE TSYS Riverfront Campus Auditorium
1600 First Avenue
Columbus, Georgia 31901
- ITEMS OF BUSINESS..... (1) To elect seven directors to serve until the
Annual Meeting of Shareholders in 2007.
(2) To ratify the appointment of KPMG LLP as
our independent auditor for the year 2004.
(3) To transact such other business as may properly come
before the meeting and any adjournment thereof.
- WHO MAY VOTE You can vote if you were a shareholder of record
on February 17, 2004.
- ANNUAL REPORT A copy of the Annual Report is enclosed.
- PROXY VOTING Your vote is important. Please vote in one of these ways:
(1) Use the toll-free telephone number shown
on the proxy card;
(2) Visit the website listed on your proxy card;
(3) Mark, sign, date and promptly return the enclosed
proxy card in the postage-paid envelope provided; or
(4) Submit a ballot at the Annual Meeting.



G. SANDERS GRIFFITH, III
Secretary

Columbus, Georgia
March 10, 2004

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND
THE ANNUAL MEETING, PLEASE VOTE YOUR SHARES PROMPTLY.**

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PROXY STATEMENT VOTING INFORMATION

Purpose

This Proxy Statement and the accompanying proxy card are being mailed to TSYS shareholders beginning March 10, 2004. The TSYS Board of Directors is soliciting proxies to be used at the 2004 Annual Meeting of TSYS Shareholders which will be held on April 15, 2004, at 10:00 a.m., at the TSYS Riverfront Campus Auditorium, 1600 First Avenue, Columbus, Georgia. Proxies are solicited to give all shareholders of record an opportunity to vote on matters to be presented at the Annual Meeting. In the following pages of this Proxy Statement, you will find information on matters to be voted upon at the Annual Meeting of Shareholders or any adjournment of that meeting.

Who Can Vote

You are entitled to vote if you were a shareholder of record of TSYS stock as of the close of business on February 17, 2004. Your shares can be voted at the meeting only if you are present or represented by a valid proxy.

Quorum and Shares Outstanding

A majority of the outstanding shares of TSYS stock must be present, either in person or represented by proxy, in order to conduct the Annual Meeting of TSYS Shareholders. On February 17, 2004, 196,846,029 shares of TSYS stock were outstanding.

Columbus Bank and Trust Company

Columbus Bank and Trust Company® (“CB&T”) owned individually 159,630,980 shares, or 81.1%, of the outstanding shares of TSYS stock on February 17, 2004. CB&T® is a wholly owned banking subsidiary of Synovus Financial Corp.®, a diversified financial services company.

Proxy Card

The Board has designated two individuals to serve as proxies to vote the shares represented by proxies at the Annual Meeting of Shareholders. If you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the designated proxies FOR the election of all of the director nominees and FOR the ratification of KPMG LLP as TSYS’ independent auditor for the year 2004. The designated proxies will vote in their discretion on any other matter that may properly come before the meeting. At the date the Proxy Statement went to press, we did not anticipate that any other matters would be raised at the Annual Meeting.

Voting of Shares

Each share of TSYS stock represented at the Annual Meeting is entitled to one vote on each matter properly brought before the meeting. All shares entitled to vote and represented in person or by properly executed proxies received before the polls are closed at the Annual Meeting, and not revoked or superseded, will be voted at the Annual Meeting in accordance with the instructions indicated on those proxies.

TSYS Dividend Reinvestment and Direct Stock Purchase Plan: If you participate in this Plan, your proxy card represents shares held in the Plan, as well as shares you hold in certificate form registered in the same name.

Required Votes

Directors are elected by a plurality of the votes, which means the seven nominees who receive the largest number of properly executed votes will be elected as directors. Each share of TSYS stock is entitled to one vote for each of seven director nominees. Cumulative voting is not permitted. Shares that are represented by proxies which are marked “withhold authority” for the election of one or more director nominees will not be counted in determining the number of votes cast for those persons.

The affirmative vote of a majority of the votes cast (in person or by proxy and entitled to vote at the Annual Meeting) is needed to ratify the appointment of KPMG LLP as TSYS' independent auditor for 2004.

Tabulation of Votes

Under certain circumstances, brokers are prohibited from exercising discretionary authority for beneficial owners who have not returned proxies to the brokers (so-called "broker non-votes"). In such cases, and in cases where the shareholder abstains from voting on a matter, those shares will be counted for the purpose of determining if a quorum is present, but will not be included in the vote totals with respect to those matters and, therefore, will have no effect on the vote. In addition, if a broker indicates on the proxy card that it does not have discretionary authority on other matters considered at the meeting, those shares will not be counted in determining the number of votes cast with respect to those matters.

How You Can Vote

You may vote by proxy or in person at the meeting. To vote by proxy, you may select one of the following options:

Vote By Telephone:

You can vote your shares by telephone by calling the toll-free telephone number (at no cost to you) shown on your proxy card. Telephone voting is available 24 hours a day, seven days a week. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Our telephone voting procedures are designed to authenticate the shareholder by using individual control numbers. If you vote by telephone, you do NOT need to return your proxy card.

Vote By Internet:

You can also choose to vote on the Internet. The website for Internet voting is shown on your proxy card. Internet voting is available 24 hours a day, seven days a week. You will be given the opportunity to confirm that your instructions have been properly recorded, and you can consent to view future proxy statements and annual reports on the Internet instead of receiving them in the mail. If you vote on the Internet, you do NOT need to return your proxy card.

Vote By Mail:

If you choose to vote by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided.

Revocation of Proxy

If you vote by proxy, you may revoke that proxy at any time before it is voted at the meeting. You may do this by (a) signing another proxy card with a later date and returning it to us prior to the meeting, (b) voting again by telephone or on the Internet prior to the meeting, or (c) attending the meeting in person and casting a ballot.

CORPORATE GOVERNANCE AND BOARD MATTERS

Corporate Governance Philosophy

The business affairs of TSYS are managed under the direction of the Board of Directors in accordance with the Georgia Business Corporation Code, as implemented by TSYS' Articles of Incorporation and bylaws. The role of the Board of Directors is to effectively govern the affairs of TSYS for the benefit of its shareholders and other constituencies. The Board strives to ensure the success and continuity of business through the election of qualified management. It is also responsible for ensuring that TSYS' activities are conducted in a responsible and ethical manner. TSYS is committed to having sound corporate governance principles.

Independence

The Board has determined that a majority of its members are "independent" as defined by the listing standards of the New York Stock Exchange and TSYS' Corporate Governance Guidelines. TSYS' Board has determined that the following directors are independent: Richard Y. Bradley, G. Wayne Clough, Walter W. Driver, Jr., Sidney E. Harris, John P. Illges, III, Mason H. Lampton, W. Walter Miller, Jr., H. Lynn Page and Rebecca K. Yarbrough. The standards set and used by the Board to determine the independence of directors and committee members (which are incorporated within our Corporate Governance Guidelines) are available in the Corporate Governance section of our website at www.tsys.com/finance. All independent directors of TSYS meet the standards for independence set by the Board. Although TSYS is a "controlled" company under the rules of the NYSE as a result of its 81.1% ownership by Synovus and CB&T, and as such is entitled to an exemption from the independence requirements for its Board and its Corporate Governance and Nominating Committee and Compensation Committee, TSYS has not chosen to take advantage of this exemption.

Attendance at Meetings

The Board of Directors held five meetings in 2003. All directors attended at least 75% of Board and committee meetings held during their tenure during 2003. The average attendance by directors at the aggregate number of Board and committee meetings they were scheduled to attend was 98%. Although TSYS has no formal policy with respect to Board members' attendance at its annual meetings, it is customary for all Board members to attend as there is a Board meeting immediately preceding the annual meeting. Fifteen of our then sixteen directors attended the 2003 Annual Meeting of Shareholders.

Committees of the Board

TSYS' Board of Directors has four principal standing committees—an Executive Committee, an Audit Committee, a Corporate Governance and Nominating Committee and a Compensation Committee. Each committee has a written charter that complies with the listing standards of the NYSE pertaining to corporate governance. Copies of the committee charters are available in the Corporate Governance section of our website at www.tsys.com/finance. The Board has determined that each member of the Audit, Corporate Governance and Nominating and Compensation Committees is an "independent" director as defined by the listing standards of the NYSE and our Corporate Governance Guidelines. The following table shows the membership of the various committees.

Executive	Audit	Corporate Governance and Nominating	Compensation
James H. Blanchard, Chair Richard Y. Bradley G. Wayne Clough John P. Illges, III Mason H. Lampton Philip W. Tomlinson Richard W. Ussery	John P. Illges, III, Chair Sidney E. Harris H. Lynn Page	Richard Y. Bradley, Chair Walter W. Driver, Jr. Rebecca K. Yarbrough	Mason H. Lampton, Chair G. Wayne Clough

Executive Committee. TSYS' Executive Committee held five meetings in 2003. During the intervals between meetings of TSYS' Board of Directors, TSYS' Executive Committee possesses and may exercise any and all of the powers of TSYS' Board of Directors in the management and direction of the business and affairs of TSYS with respect to which specific direction has not been previously given by TSYS' Board of Directors.

Audit Committee. TSYS' Audit Committee held nine meetings in 2003. Its Report begins on page 11. A copy of the Audit Committee charter, which contains a detailed list of the Committee's functions, is attached to this Proxy Statement as Appendix A. The Board has determined that all three members of the Committee are financially literate under the rules of the NYSE and that H. Lynn Page is an "audit committee financial expert" as defined by the rules of the Securities and Exchange Commission. The primary functions to be engaged in by TSYS' Audit Committee include:

- Monitoring the integrity of TSYS' financial statements, TSYS' systems of internal controls and TSYS' compliance with regulatory and legal requirements;
- Monitoring the independence, qualifications and performance of TSYS' independent auditor and internal auditing activities; and
- Providing an avenue of communication among the independent auditor, management, internal audit and the Board of Directors.

Corporate Governance and Nominating Committee. TSYS' Corporate Governance and Nominating Committee held three meetings in 2003. The primary functions to be engaged in by TSYS' Corporate Governance and Nominating Committee include:

- Identifying qualified individuals to become Board members;
- Recommending to the Board the director nominees for each annual meeting of shareholders and director nominees to be elected by the Board to fill interim director vacancies;
- Overseeing the annual review and evaluation of the performance of the Board and its committees; and
- Developing and recommending to the Board corporate governance guidelines.

Compensation Committee. TSYS' Compensation Committee held five meetings in 2003. Its Report on Executive Compensation begins on page 17. The primary functions to be engaged in by TSYS' Compensation Committee include:

- The design and oversight of TSYS' executive compensation program;
- The design and oversight of all compensation and benefit programs in which employees and officers of TSYS are eligible to participate; and
- Performing an annual evaluation of the Chief Executive Officer.

Consideration of Director Candidates

Shareholder Candidates. The Corporate Governance and Nominating Committee will consider candidates for nomination as a director submitted by shareholders. Although the Committee does not have a separate policy that addresses the consideration of director candidates recommended by shareholders, the Board does not believe that such a separate policy is necessary as TSYS' bylaws permit shareholders to nominate candidates and as one of the duties set forth in the Corporate Governance and Nominating Committee charter is to review and consider director candidates submitted by shareholders. The Committee will consider individuals recommended by shareholders for nomination as directors in accordance with TSYS' bylaws and in accordance with the procedures described under "Shareholder Proposals and Nominations" on page 23.

Director Qualifications. TSYS' Corporate Governance Guidelines contain Board membership criteria considered by the Corporate Governance and Nominating Committee in recommending nominees for a position on TSYS' Board. The Committee believes that, at a minimum, a director candidate must possess personal and professional integrity, sound judgment and forthrightness. A director candidate must also have sufficient time and energy to devote to the affairs of TSYS, be free from conflicts of interest with TSYS, must not have reached the retirement age for TSYS directors and be willing to make, and financially capable of making, the required investment in TSYS' stock pursuant to TSYS' Director Stock Ownership Guidelines. The Committee also considers the following criteria when reviewing a director candidate:

- The extent of the director's/potential director's business acumen and experience;
- Whether the director/potential director assists in achieving a mix of Board members that represents a diversity of background and experience, including with respect to age, gender, race, place of residence and specialized experience;
- Whether the director/potential director meets the independence requirements of the listing standards of the NYSE;
- Whether the director/potential director would be considered a "financial expert" or "financially literate" as defined in the listing standards of the NYSE;
- Whether the director/potential director, by virtue of particular technical expertise, experience or specialized skill relevant to TSYS' current or future business, will add specific value as a Board member; and
- Whether the director/potential director possesses a willingness to challenge and stimulate management and the ability to work as part of a team in an environment of trust.

Identifying and Evaluating Nominees

The Corporate Governance and Nominating Committee has two primary methods for identifying director candidates (other than those proposed by TSYS' shareholders, as discussed above). First, on a periodic basis, the Committee solicits ideas for possible candidates from a number of sources including members of the Board, TSYS executives and individuals personally known to the members of the Board. Second, the Committee is authorized to use its authority under its charter to retain at TSYS' expense one or more search firms to identify candidates (and to approve such firms' fees and other retention terms).

The Committee will consider all director candidates identified through the processes described above, and will evaluate each of them, including incumbents, based on the same criteria. The director candidates are evaluated at regular or special meetings of the Committee and may be considered at any point during the year. If based on the Committee's initial evaluation a director candidate continues to be of interest to the Committee, the Chair of the Committee will interview the candidate and communicate his evaluation to the other Committee members and executive management. Additional interviews are conducted, if necessary, and ultimately the Committee will meet to finalize its list of recommended candidates for the Board's consideration.

One nominee for election as a director, John T. Turner, has not previously served as a director of TSYS. Mr. Turner was recommended to the Committee for consideration as a director nominee by an executive officer (other than the chief executive officer) of TSYS.

Meetings of Non-Management Directors

The non-management directors of TSYS meet separately at least four times a year after each regularly scheduled meeting of the Board of Directors. G. Wayne Clough, TSYS' Lead Director, presides at the meetings of non-management directors.

Communicating with the Board

TSYS’ Board provides a process for shareholders to communicate with the Board. Shareholders may communicate with the Board by writing the Board of Directors, Total System Services, Inc., c/o General Counsel’s Office, 901 Front Avenue, Suite 301, Columbus, Georgia 31901. Additional procedures by which shareholders can communicate with the non-management directors are available in the Corporate Governance section of our website at www.tsys.com/finance.

Additional Information about Corporate Governance

TSYS has adopted Corporate Governance Guidelines which are regularly reviewed by the Corporate Governance and Nominating Committee. We have also adopted a Code of Business Conduct and Ethics which is applicable to all directors, officers and employees. In addition, we maintain procedures for the confidential, anonymous submission of any complaints or concerns about TSYS, including complaints regarding accounting, internal accounting controls or auditing matters. Shareholders may access TSYS’ Corporate Governance Guidelines, Code of Business Conduct and Ethics, each committee’s current charter, procedures for shareholders to communicate with the non-management directors and procedures for reporting complaints and concerns about TSYS, including complaints concerning accounting, internal accounting controls and auditing matters in the Corporate Governance section of our website at www.tsys.com/finance.

DIRECTOR COMPENSATION AND STOCK OWNERSHIP GUIDELINES

Compensation

Directors of TSYS receive the following compensation:

Annual retainer	\$25,000
Annual retainer for committee chair, excluding executive	\$ 2,000
Attendance fee for each Board meeting	\$ 1,800
Attendance fee for each Executive Committee meeting, including the chairman	\$ 1,800
Attendance fee for each committee meeting chaired, other than executive	\$ 1,200
Attendance fee for committee meetings, other than executive	\$ 750

The Executive Committee has non-voting advisory members who are compensated in the same manner as committee members. Directors may elect to defer all or a portion of their cash compensation. Deferred amounts are deposited into one or more investment funds chosen by the director. All deferred fees are payable only in cash.

Director Stock Purchase Plan

TSYS’ Director Stock Purchase Plan is a nontax-qualified, contributory stock purchase plan pursuant to which qualifying TSYS directors can purchase, with the assistance of contributions from TSYS, presently issued and outstanding shares of TSYS stock. Under the terms of the Director Stock Purchase Plan, qualifying directors can elect to contribute up to \$5,000 per calendar quarter to make purchases of TSYS stock, and TSYS contributes an additional amount equal to 50% of the directors’ cash contributions. Participants in the Director Stock Purchase Plan are fully vested in, and may request the issuance to them of, all shares of TSYS stock purchased for their benefit under the Plan.

Stock Ownership Guidelines

Under TSYS’ stock ownership guidelines for directors, all directors are required to accumulate over time shares of TSYS stock equal in value to at least three times the value of the annual retainer.

PROPOSALS TO BE VOTED ON

PROPOSAL 1: ELECTION OF DIRECTORS

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE “FOR” ALL NOMINEES.

Number

The Board of Directors of TSYS consists of 17 members. As 18 board seats have been authorized by TSYS' shareholders, TSYS has one directorship which remains vacant. This vacant directorship could be filled in the future at the discretion of TSYS' Board of Directors. This discretionary power gives TSYS' Board of Directors the flexibility of appointing new directors in the periods between TSYS' Annual Meetings should suitable candidates come to its attention. The Board is divided into three classes whose terms are staggered so that the term of one class expires at each Annual Meeting of Shareholders. The terms of office of the Class I directors expire at the 2005 Annual Meeting, the terms of office of the Class II directors expire at the 2006 Annual Meeting and the terms of office of the Class III directors expire at the 2004 Annual Meeting. Proxies cannot be voted at the 2004 Annual Meeting for a greater number of persons than the number of nominees named.

Nominees

The following nominees have been selected by the Corporate Governance and Nominating Committee and approved by the Board for submission to the shareholders: Sidney E. Harris, Alfred W. Jones III, Mason H. Lampton, John T. Turner, M. Troy Woods, James D. Yancey and Rebecca K. Yarbrough, each to serve a three year term expiring at the Annual Meeting in the year 2007.

The Board believes that each director nominee will be able to stand for election. If any nominee becomes unable to stand for election, proxies in favor of that nominee will be voted in favor of the remaining nominees and in favor of any substitute nominee named by the Board upon the recommendation of the Corporate Governance and Nominating Committee. If you do not wish your shares voted for one or more of the nominees, you may so indicate on the proxy.

Members of the Board of Directors

Following is the principal occupation, age and certain other information for each director nominee and other directors serving unexpired terms.

<u>Name</u>	<u>Age</u>	<u>TSYS Director Classifi- cation</u>	<u>Year First Elected Director</u>	<u>Principal Occupation and Other Information</u>
James H. Blanchard ⁽¹⁾	62	II	1982	Chief Executive Officer, Synovus Financial Corp.; Chairman of the Executive Committee, Total System Services, Inc.; Director, BellSouth Corporation
Richard Y. Bradley	65	II	1991	Partner, Bradley & Hatcher (Law Firm); Director, Synovus Financial Corp.
G. Wayne Clough ⁽²⁾	62	I	2000	President, Georgia Institute of Technology
Walter W. Driver, Jr.	58	II	2002	Chairman, King & Spalding LLP (Law Firm)
Gardiner W. Garrard, Jr.	63	II	1982	President, The Jordan Company (Real Estate Development); Director, Synovus Financial Corp.
Sidney E. Harris	54	III	1999	Dean, J. Mack Robinson College of Business, Georgia State University; Director, The ServiceMaster Company and Transamerica Investors, Inc.

Name	Age	TSYS Director Classification	Year First Elected Director	Principal Occupation and Other Information
John P. Illges, III	69	II	1982	Senior Vice President and Financial Consultant, Retired, The Robinson-Humphrey Company, Inc. (Stockbroker); Director, Synovus Financial Corp.
Alfred W. Jones III	46	III	2001	Chairman of the Board and Chief Executive Officer, Sea Island Company (Real Estate Development and Management); Director, Synovus Financial Corp.
Mason H. Lampton	56	III	1986	President and Chief Executive Officer, Standard Concrete Products (Construction Company); Director, Synovus Financial Corp.
W. Walter Miller, Jr. ⁽³⁾	55	II	1993	Group Executive, Retired, Total System Services, Inc.
H. Lynn Page	63	I	1982	Director, Synovus Financial Corp.
Philip W. Tomlinson ⁽⁴⁾	57	I	1982	Chief Executive Officer, Total System Services, Inc.
John T. Turner ⁽³⁾	47	III	2003	Private Investor
Richard W. Ussery ⁽⁵⁾	56	I	1982	Chairman of the Board, Total System Services, Inc.
M. Troy Woods ⁽⁶⁾	52	III	2003	President and Chief Operating Officer, Total System Services, Inc.
James D. Yancey ⁽⁷⁾	62	III	1982	Chairman of the Board, Synovus Financial Corp. and Columbus Bank and Trust Company
Rebecca K. Yarbrough	66	III	1999	Private Investor

(1) James H. Blanchard was elected Chairman of the Executive Committee of TSYS in February 1992. From 1982 until 1992, Mr. Blanchard served as Chairman of the Board of TSYS.

(2) G. Wayne Clough serves as Lead Director of the TSYS Board.

(3) W. Walter Miller, Jr.'s spouse is the first cousin of John T. Turner.

(4) Philip W. Tomlinson was elected Chief Executive Officer of TSYS in December 2003. From 1982 until 2003, Mr. Tomlinson served in various capacities with TSYS, including President of TSYS.

(5) Richard W. Ussery was elected Chairman of the Board and Chief Executive Officer of TSYS in February 1992 and continues to serve as Chairman of the Board. From 1982 until 1992, Mr. Ussery served as President of TSYS.

(6) M. Troy Woods was elected President and Chief Operating Officer of TSYS in December 2003. From 1987 until 2003, Mr. Woods served in various capacities with TSYS, including Executive Vice President of TSYS.

(7) James D. Yancey was elected Chairman of the Board of Synovus in October 2003. Prior to 2003, Mr. Yancey served in various capacities with Synovus and/or CB&T, including Vice Chairman of the Board and President of both Synovus and CB&T.

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF THE INDEPENDENT AUDITOR

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE INDEPENDENT AUDITOR

The Audit Committee has appointed the firm of KPMG LLP as the independent auditor to audit the consolidated financial statements of TSYS and its subsidiaries for the fiscal year ending December 31, 2004. Representatives of KPMG will be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from shareholders present at the meeting. Although shareholder ratification of the appointment of TSYS' independent auditor is not required by our bylaws or otherwise, we are submitting the selection of KPMG to our shareholders for ratification to permit shareholders to participate in this important corporate decision. If not ratified, the Audit Committee will reconsider the selection, although the Audit Committee will not be required to select a different independent auditor for TSYS.

EXECUTIVE OFFICERS

The following table sets forth the name, age and position with TSYS of each executive officer of TSYS.

<u>Name</u>	<u>Age</u>	<u>Position with TSYS</u>
James H. Blanchard	62	Chairman of the Executive Committee
Philip W. Tomlinson	57	Chief Executive Officer
Richard W. Ussery	56	Chairman of the Board
M. Troy Woods	52	President and Chief Operating Officer
James B. Lipham	55	Executive Vice President and Chief Financial Officer
William A. Pruett	50	Executive Vice President
Kenneth L. Tye	51	Executive Vice President and Chief Information Officer
G. Sanders Griffith, III	50	General Counsel and Secretary

Messrs. Blanchard, Ussery, Tomlinson and Woods are directors of TSYS. James B. Lipham was elected as Executive Vice President and Chief Financial Officer of TSYS in July 1995. From 1984 until 1995, Mr. Lipham served in various financial capacities with Synovus and/or TSYS, including Senior Vice President and Treasurer. William A. Pruett was elected as Executive Vice President of TSYS in February 1993. From 1976 until 1993, Mr. Pruett served in various capacities with CB&T and/or TSYS, including Senior Vice President. Kenneth L. Tye was elected as Executive Vice President and Chief Information Officer of TSYS in August 1999. From 1971 until 1999, Mr. Tye served in various capacities with CB&T and/or TSYS, including Senior Vice President. G. Sanders Griffith, III has served as General Counsel of TSYS since 1988 and was elected as Secretary of TSYS in June 1995. Mr. Griffith currently serves as Senior Executive Vice President, General Counsel and Secretary of Synovus and has held various positions with Synovus since 1988.

STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth ownership of shares of TSYS stock by each director, by each executive officer named in the Summary Compensation Table on page 13 and by all directors and executive officers as a group as of December 31, 2003.

Name	Shares of TSYS Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/03	Shares of TSYS Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/03	Total Shares of TSYS Stock Beneficially Owned as of 12/31/03 ⁽¹⁾	Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/03
James H. Blanchard	790,792	360,480	1,151,272	*
Richard Y. Bradley	24,737	5,000	29,737	*
G. Wayne Clough	2,929	—	2,929	*
Walter W. Driver, Jr.	1,345	—	1,345	*
Gardiner W. Garrard, Jr.	19,675	—	19,675	*
Sidney E. Harris	4,799	—	4,799	*
John P. Illges, III	105,125	81,750	186,875	*
Alfred W. Jones III	3,762	—	3,762	*
Mason H. Lampton	83,503	59,426 ⁽²⁾	142,929	*
W. Walter Miller, Jr.	79,252	2,481	81,733	*
H. Lynn Page	398,713	132,606	531,319	*
William A. Pruett	134,263	—	244,263	*
Philip W. Tomlinson	562,443	39,864	1,022,307	*
John T. Turner	21,600	576,000	597,600	*
Kenneth L. Tye	33,006	32,500	65,506	*
Richard W. Ussery	540,692	66,000	1,026,692	*
M. Troy Woods	45,479	2,814	158,293	*
James D. Yancey	702,160	44,493	746,653	*
Rebecca K. Yarbrough	249,339	417,554 ⁽³⁾	666,893	*
Directors and Executive Officers as a Group (21 persons)	3,878,354	1,821,568	6,919,922	3.5

* Less than one percent of the outstanding shares of TSYS stock.

- (1) The totals shown for the following directors and executive officers of TSYS include the number of shares of TSYS stock that each individual, as of December 31, 2003, had the right to acquire within 60 days through the exercise of stock options:

<u>Person</u>	<u>Number of Shares</u>
William A. Pruett	110,000
Philip W. Tomlinson	420,000
Richard W. Ussery	420,000
M. Troy Woods	110,000

In addition, the other executive officers of TSYS had rights to acquire an aggregate of 160,000 shares of TSYS stock within 60 days through the exercise of stock options.

- (2) Includes 28,800 shares of TSYS stock held in a trust for which Mr. Lampton is not the trustee. Mr. Lampton disclaims beneficial ownership of such shares.
- (3) Includes 72,000 shares of TSYS stock held in a trust for which Mrs. Yarbrough is not the trustee. Mrs. Yarbrough disclaims beneficial ownership of such shares.

For a detailed discussion of the beneficial ownership of Synovus stock by TSYS' named executive officers and directors and by all directors and executive officers of TSYS as a group, see "Synovus Stock Ownership of Directors and Management" on page 21.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is comprised of three directors, each of whom the Board has determined to be an “independent director” as defined by the listing standards of the New York Stock Exchange. The duties of the Audit Committee are summarized in this Proxy Statement under “Committees of the Board” on page 3 and are more fully described in the Audit Committee charter adopted by the Board of Directors which is attached to this Proxy Statement as Appendix A.

As more fully described in its charter, one of the Audit Committee’s primary responsibilities is to assist the Board in its oversight responsibility regarding the integrity of TSYS’ financial statements and systems of internal controls. Management is responsible for TSYS’ accounting and financial reporting processes, internal controls and the preparation and integrity of TSYS’ consolidated financial statements. KPMG LLP, TSYS’ independent auditor, is responsible both for performing an independent audit of TSYS’ consolidated financial statements in accordance with auditing standards generally accepted in the United States and for issuing an opinion as to whether those financial statements are presented fairly in conformity with accounting principles generally accepted in the United States. The Audit Committee is directly responsible for the compensation, appointment and oversight of KPMG LLP. The function of the Audit Committee is not to duplicate the activities of management or the independent auditor, but to monitor and oversee TSYS’ financial reporting process.

In discharging its responsibilities regarding the financial reporting process, the Audit Committee:

- Reviewed and discussed with management TSYS’ audited financial statements as of and for the year ended December 31, 2003;
- Discussed with KPMG LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees); and
- Received from KPMG LLP the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed with KPMG LLP their independence.

Based upon the review and discussions referred to in the preceding paragraph, the Audit Committee recommended to the Board of Directors that the audited financial statements referred to above be included in TSYS’ Annual Report on Form 10-K for the year ended December 31, 2003, to be filed with the Securities and Exchange Commission.

This Audit Committee Report shall not be deemed incorporated by reference in any document previously or subsequently filed with the Securities and Exchange Commission that incorporates by reference all or any portion of this Proxy Statement, except to the extent TSYS specifically requests that the Report be specifically incorporated by reference.

The Audit Committee
 John P. Illges, III, Chair
 Sidney E. Harris
 H. Lynn Page

KPMG LLP Fees and Services

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of TSYS’ annual financial statements for the years ended December 31, 2003 and December 31, 2002 and fees billed for other services rendered by KPMG during those periods.

	2003	2002
Audit Fees ⁽¹⁾	\$ 421,000	\$ 283,000
Audit Related Fees ⁽²⁾	89,000	100,000
Tax Fees ⁽³⁾	455,000	121,000
All Other Fees ⁽⁴⁾	555,000	537,000
Total	<u>\$1,520,000</u>	<u>\$1,041,000</u>

- (1) Audit fees represent fees for professional services provided in connection with the audit of TSYS' financial statements and review of quarterly financial statements and audit services provided in connection with other statutory or regulatory filings.
- (2) Audit related fees consisted principally of certain agreed upon procedures engagements, employee benefit plan audits and due diligence services related to business acquisitions.
- (3) Tax fees consisted of fees for tax compliance and tax consultation services.
- (4) All other fees consisted principally of assurance related services associated with data center reviews as well as certain agreed upon procedures related to computer security.

Policy on Audit Committee Pre-Approval

The Audit Committee has the responsibility for appointing, setting the compensation for and overseeing the work of TSYS' independent auditor. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor in order to assure that the provision of these services does not impair the independent auditor's independence. TSYS' Audit Committee Pre-Approval Policy addresses services included within the four categories of audit and permissible non-audit services, which include Audit Services, Audit Related Services, Tax Services and All Other Services.

The annual audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. In addition, the Audit Committee must specifically approve permissible non-audit services classified as All Other Services.

Prior to engagement, management submits to the Committee for approval a detailed list of the Audit Services, Audit Related Services and Tax Services that it recommends the Committee engage the independent auditor to provide for the fiscal year. Each specified service is allocated to the appropriate category and accompanied by a budget estimating the cost of that service. The Committee will, if appropriate, approve both the list of Audit Services, Audit Related Services and Tax Services and the budget for such services.

The Committee is informed at each Committee meeting as to the services actually provided by the independent auditor pursuant to the Pre-Approval Policy. Any proposed service that is not separately listed in the Pre-Approval Policy or any service exceeding the pre-approved fee levels must be specifically pre-approved by the Committee. The Audit Committee has delegated pre-approval authority to the Chairman. The Chairman must report any pre-approval decisions made by him to the Committee at its next scheduled meeting.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table summarizes the cash and noncash compensation for each of the last three fiscal years for the chief executive officer of TSYS and for the other four most highly compensated executive officers of TSYS.

Name and Principal Position ⁽¹⁾	SUMMARY COMPENSATION TABLE				Long-Term Compensation Awards		
	Year	Annual Compensation		Other Annual Compensation ⁽³⁾	Restricted Stock Award(s)	Securities Underlying Options/ SARs	All Other Compensation ⁽⁴⁾
		Salary ⁽²⁾	Bonus				
Richard W. Ussery Chairman of the Board	2003	\$591,875	\$276,938	\$10,000	\$ -0-	-0-	\$ 93,320
	2002	534,094	453,980	9,167	-0-	42,453	154,539
	2001	534,400	425,000	10,000	-0-	539,829	148,868
Philip W. Tomlinson Chief Executive Officer	2003	536,488	249,244	-0-	-0-	-0-	104,297
	2002	480,685	408,582	-0-	-0-	38,208	137,287
	2001	484,400	382,500	-0-	-0-	529,872	114,736
M. Troy Woods President and Chief Operating Officer	2003	315,000	110,250	-0-	-0-	-0-	45,063
	2002	303,750	180,731	-0-	-0-	15,283	70,231
	2001	270,000	161,650	-0-	-0-	417,923	73,439
William A. Pruett Executive Vice President	2003	315,000	110,250	-0-	-0-	-0-	45,179
	2002	303,750	180,731	-0-	-0-	15,283	75,517
	2001	270,000	161,650	-0-	-0-	417,923	78,029
Kenneth L. Tye Executive Vice President and Chief Information Officer	2003	278,250	97,388	-0-	-0-	-0-	39,909
	2002	268,313	159,646	-0-	-0-	13,019	58,684
	2001	230,000	136,850	-0-	-0-	415,268	53,537

- (1) Mr. Blanchard received no cash compensation from TSYS during 2001, 2002 or 2003, other than director compensation.
- (2) Amount consists of base salary and director fees for Messrs. Ussery and Tomlinson.
- (3) Amount represents matching contributions under the Director Stock Purchase Plan. Perquisites and other personal benefits are excluded because the aggregate amount does not exceed the lesser of \$50,000 or 10% of annual salary and bonus for the named executives.
- (4) The 2003 amount consists of contributions or other allocations to defined contribution plans of \$18,000 for each executive; allocations pursuant to defined contribution excess benefit agreements of \$72,707, \$63,636, \$26,616, \$26,616 and \$21,411 for each of Messrs. Ussery, Tomlinson, Woods, Pruett and Tye, respectively; premiums paid for term life insurance coverage of \$2,613, \$6,561, \$447, \$563 and \$498 for each of Messrs. Ussery, Tomlinson, Woods, Pruett and Tye, respectively; and the dollar value of the benefit of premiums paid for split dollar life insurance policies (unrelated to term life insurance coverage) projected on an actuarial basis of \$16,100 for Mr. Tomlinson.

Stock Option Exercises and Grants

The following tables provide certain information regarding stock options granted and exercised in the last fiscal year and the number and value of unexercised options at the end of the fiscal year.

OPTION/SAR GRANTS IN LAST FISCAL YEAR						
Name	Individual Grants				Potential Realized Value at Assumed Annual Rates of Stock Price Appreciation For Option Term	
	Options/SARS Granted (#)	% of Total Options/SARS Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Share)	Expiration Date	5% (\$)	10% (\$)
Richard W. Ussery	-0-(1)	---%	\$---	---	\$---	\$---
Philip W. Tomlinson	-0-(1)	---	---	---	---	---
M. Troy Woods	-0-(1)	---	---	---	---	---
William A. Pruett	-0-(1)	---	---	---	---	---
Kenneth L. Tye	-0-(1)	---	---	---	---	---

(1) As described in the Compensation Committee Report on Executive Compensation, there were no option/SAR grants to TSYS' executive officers in 2003.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION/SAR VALUES				
Name	Shares Acquired on Exercise (#)	Value Realized (\$)(1)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#)	Value of Unexercised In-the-Money Options/SARs at FY-End (\$)(1)
			Exercisable/Unexercisable	Exercisable/Unexercisable
Richard W. Ussery	87,722(2)	\$1,383,840	504,632 / 542,453	\$5,213,044 / \$102,736
	-0-	-0-	420,000 / -0-(3)	7,543,200 / -0-
Philip W. Tomlinson	50,000(2)	878,250	311,653 / 538,208	2,818,390 / 92,463
	-0-	-0-	420,000 / -0-(3)	7,543,200 / -0-
M. Troy Woods	23,655(2)	281,934	112,068 / 415,283	867,189 / 36,985
	100,000(3)	979,564	110,000 / -0-	1,975,600 / -0-
William A. Pruett	22,000(2)	250,976	141,187 / 415,283	1,403,335 / 36,985
	100,000(3)	983,000	110,000 / -0-	1,975,600 / -0-
Kenneth L. Tye	11,250(2)	164,816	59,446 / 413,019	484,628 / 31,506

(1) Market value of underlying securities at exercise or year-end, minus the exercise or base price.

(2) Options pertain to shares of Synovus stock.

(3) Options pertain to shares of TSYS stock.

Change in Control Arrangements

Long-Term Incentive Plans. Under the terms of the TSYS 2000 and 2002 Long-Term Incentive Plans and Synovus' 1992, 1994, 2000 and 2002 Long-Term Incentive Plans, all awards become automatically vested in the event of a Change of Control, as defined below, unless otherwise determined by the Committee at grant. Awards under the Plans may include stock options, restricted stock, stock appreciation rights and performance awards. Messrs. Ussery, Tomlinson, Pruett, Tye and Woods each have received restricted stock and stock options under the Synovus/TSYS Long-Term Incentive Plans.

Change of Control Agreements. TSYS has entered into Change of Control Agreements with Messrs. Ussery, Tomlinson, Pruett, Tye and Woods, and certain other officers. In the event of a Change of Control, an executive would receive the following:

- For Messrs. Ussery and Tomlinson, three times their current base salary and bonus (bonus is defined as the average bonus over the past three years measured as a percentage multiplied by the executive's current base salary). Messrs. Pruett, Tye and Woods would receive two times their current base salary and bonus, as defined above.
- Three years of medical, life, disability and other welfare benefits (two years for Messrs. Pruett, Tye and Woods).
- A pro rata bonus through the date of termination for the separation year.
- A cash amount in lieu of a long-term incentive award for the year of separation equal to 1.5 times the normal market grant, if the executive received a long-term incentive award in the year of separation, or 2.5 times the market grant if not.

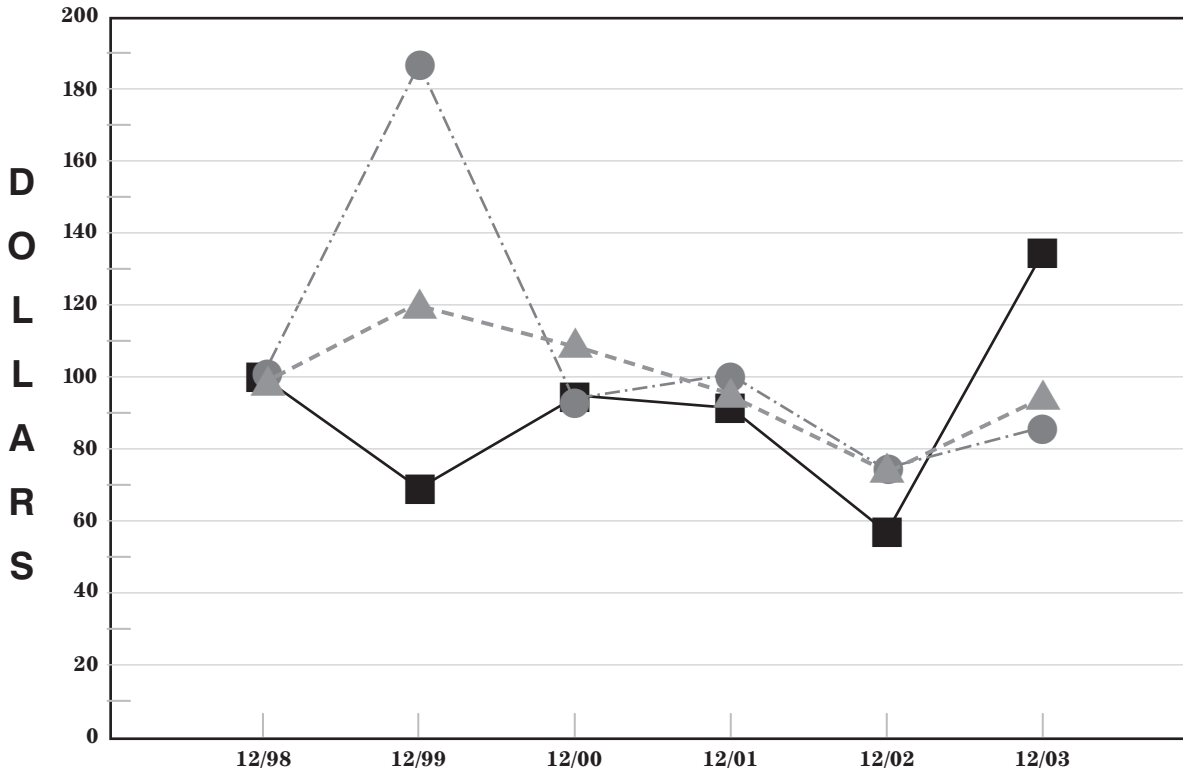
In order to receive these benefits, an executive must be actually or constructively terminated within one year following a Change of Control, or the executive may voluntarily or involuntarily terminate employment during the thirteenth month following a Change of Control.

With respect to Synovus, a Change of Control under these agreements is defined as: (i) the acquisition of 20% or more of the "beneficial ownership" of Synovus' outstanding voting stock, with certain exceptions for Turner family members; (ii) the persons serving as directors of Synovus as of January 1, 1996, and their replacements or additions, ceasing to comprise at least two-thirds of the Board members; (iii) a merger, consolidation, reorganization or sale of Synovus' assets unless the prior owners of Synovus own more than two-thirds of the new company, no person owns more than 20% of the new company, and two-thirds of the new company's Board members are prior Board members of Synovus; or (iv) a triggering event occurs as defined in the Synovus Rights Agreement. With respect to TSYS, a Change of Control is generally defined the same as a Change of Control of Synovus, except that (a) a spin-off of TSYS stock to Synovus shareholders, and (b) any transaction in which Synovus continues to own more than 50% of the outstanding stock of TSYS are specifically excluded from the Change of Control definition. In the event an executive is impacted by the Internal Revenue Service excise tax that applies to certain Change of Control arrangements, the executive would receive additional payments so that he or she would be in the same position as if the excise tax did not apply. The Change of Control Agreements do not provide for any retirement benefits or perquisites.

STOCK PERFORMANCE GRAPH

The following graph compares the yearly percentage change in cumulative shareholder return on TSYS stock with the cumulative total return of the Standard & Poor's 500 Index and the Standard & Poor's Systems Software Index for the last five fiscal years (assuming a \$100 investment on December 31, 1998 and reinvestment of all dividends).

**COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
AMONG TOTAL SYSTEM SERVICES, INC., THE S&P 500 INDEX
AND THE S&P SYSTEMS SOFTWARE INDEX**



		<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
TSYS	—■—	\$100	\$ 70	\$ 96	\$ 91	\$ 58	\$134
S&P 500	- -▲- -	\$100	\$121	\$110	\$ 97	\$ 76	\$ 97
S&P SS	- ··● ··-	\$100	\$189	\$ 94	\$ 99	\$ 75	\$ 87

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of TSYS is responsible for the design and oversight of the TSYS executive compensation program, as well as the compensation and other benefit plans in which officers and employees of TSYS and its subsidiaries participate. The Committee has designed its compensation program to attract and retain highly motivated and well-trained executives in order to create superior shareholder value for TSYS shareholders.

Elements of Executive Compensation. The four elements of executive compensation at TSYS are:

- Base Salary
- Annual Bonus
- Long-Term Incentives
- Other Benefits

The Committee believes that a substantial portion (though not a majority) of an executive's compensation should be at risk based upon performance, both in the short-term (through the annual bonus and the Synovus/TSYS Profit Sharing Plan and the Synovus/TSYS 401(k) Savings Plan) and long-term (through long-term incentives such as stock options and restricted stock awards). The remainder of each executive's compensation is primarily based upon the competitive practices of computer systems/data processing companies ("similar companies"), with certain adjustments as described below. The companies used for comparison under this approach are not the same companies included in the peer group index appearing in the Stock Performance Graph on page 16. Each element of executive compensation is discussed in detail below.

Base Salary. Base salary is an executive's annual rate of pay without regard to any other elements of compensation. The primary consideration used by the Committee is a market comparison of comparable positions within similar companies based upon the executive's level of responsibility and experience. The Committee has had difficulty, however, in obtaining appropriate market data for certain of TSYS' executives. Market data for most positions is based upon the 50th percentile of the computer systems/data processing market, adjusted to reflect the size of TSYS. If market data could not be obtained for a particular position, the Committee targeted the median level of general industry data with a premium added to reflect the technology component of TSYS' business. During 2003, the Committee did not change the base salary of Mr. Ussery (who served as chief executive officer during 2003) or the base salaries of TSYS' other executive officers.

Annual Bonus. The Committee may award annual bonuses to TSYS executives under two different plans, the Synovus Executive Bonus Plan and the Synovus Incentive Bonus Plan. The Committee selects the participants in each Plan from year to year. For 2003, Mr. Ussery was selected to participate in the Synovus Executive Bonus Plan and Messrs. Tomlinson, Pruett, Tye and Woods were selected to participate in the Incentive Bonus Plan. Under the terms of the Plans, bonus amounts are paid as a percentage of base pay based on the achievement of performance goals that are established each year by the Committee. The performance goals may be chosen by the Committee from among the following measurements:

- Number of cardholder, merchant and/or other customer accounts processed and/or converted by TSYS;
- Successful negotiation or renewal of contracts with new and/or existing customers by TSYS;
- Productivity and expense control;
- Stock price;
- Return on capital compared to cost of capital;
- Net income;
- Operating income;
- Earnings per share and/or earnings per share growth;
- Return on equity;
- Return on assets; and
- Asset growth.

The Committee established a payout matrix based on attainment of growth in diluted earnings per share goals during 2003 for Mr. Ussery and TSYS' other executive officers. The maximum percentage payouts under the Plans for 2003 were 100% for Messrs. Ussery and Tomlinson and 70% for Messrs. Pruet, Tye and Woods. TSYS' financial performance and each executive's individual performance can reduce the bonus awards determined by the attainment of the goals. Although the Company's earnings per share growth goal was achieved, the Committee exercised downward discretion with respect to the bonus payments based upon a recommendation from TSYS' management. Based upon TSYS' 2003 earnings per share growth and the exercise of downward discretion described above, Mr. Ussery and TSYS' other executive officers were awarded the bonus amounts set forth in the Summary Compensation Table.

Long-Term Incentives. The Committee has awarded both stock options and restricted stock awards to executives. Because of the relatively low number of publicly traded shares of TSYS, the Committee has awarded Synovus stock options and restricted stock awards to TSYS executives, linking their interests to those of Synovus and TSYS shareholders. Restricted stock awards are designed to focus executives on the long-term performance of Synovus and TSYS. Stock options provide executives with the opportunity to buy and maintain an equity interest in Synovus and TSYS and to share in their capital appreciation. The Committee has established a payout matrix for long-term grants that uses total shareholder return measured by Synovus' performance (stock price increases plus dividends) and how Synovus' total shareholder return compares to the return of a peer group of companies. For the 2003 long-term incentive awards, total shareholder return and peer comparisons were measured during the 2000 to 2002 performance period. Based upon Synovus' performance as measured by the payout matrix during the performance period, the Committee did not make any long-term incentive awards to Mr. Ussery or to TSYS' other executive officers in 2003.

Effective January 1, 2004, the Committee adopted Executive Stock Ownership Guidelines to align the interests of TSYS' executive officers to that of TSYS' shareholders. For the named executive officers, the Guideline is a number of shares equal to five (for Messrs. Ussery and Tomlinson), four (for Mr. Woods), or three (for Messrs. Pruet and Tye) times the executive's base salary as of January 1, 2004, divided by the average closing price of TSYS stock for the 2003 calendar year. The Guideline is recalculated at the beginning of each calendar year after 2004. Executives have a five year grace period to fully achieve the Guideline, with an interim three year grace period to attain a specified percentage of the Guideline. Until the Guideline is achieved, executives are required to retain all net shares received upon the exercise of stock options, excluding shares used to pay the option's exercise price and any taxes due upon exercise. The Guidelines permit the development of an alternative ownership plan by the Chairman of the Board and Chairman of the Compensation Committee in the event of an executive's severe financial hardship.

Other Benefits. Executives receive other benefits that serve a different purpose than the elements of compensation discussed above. In general, these benefits either provide retirement income or protection against catastrophic events such as illness, disability and death. Executives generally receive the same benefits offered to the employee population, with the only exceptions designed to promote tax efficiency or to replace other benefits lost due to regulatory limits. The Synovus/TSYS Profit Sharing Plan and the Synovus/TSYS 401(k) Savings Plan, including an excess benefit plan which replaces benefits lost due to regulatory limits (collectively the "Plan"), is the largest component of TSYS' benefits package for executives. The Plan is directly related to the performance of TSYS because the contributions to the Plan, up to a maximum of 14% of an executive's compensation, depend upon TSYS' profitability. For 2003, Mr. Ussery and TSYS' other executive officers received a Plan contribution of two percent of their compensation. The remaining benefits provided to executives are primarily based upon the competitive practices of similar companies.

The Internal Revenue Code limits the deductibility for federal income tax purposes of annual compensation paid by a publicly held corporation to its chief executive officer and four other highest paid executives for amounts in excess of \$1 million, unless certain conditions are met. Because the Committee seeks to maximize shareholder value, the Committee has taken steps to ensure that any compensation paid to its executives in excess of \$1 million is deductible. When necessary to meet the requirements for deductibility under the Internal Revenue Code, members of the Committee may abstain from voting on performance based compensation. For 2003, Messrs. Ussery, Tomlinson, Woods and Pruet would have been affected by this provision, but for the steps taken by the

Committee. The Committee reserves the ability to make awards which do not qualify for full deductibility under the Internal Revenue Code, however, if the Committee determines that the benefits of doing so outweigh full deductibility.

The Committee believes that its executive compensation program serves the best interests of the shareholders of TSYS. As described above, a substantial portion of the compensation of TSYS' executives is directly related to TSYS' performance. The Committee believes that the performance of TSYS to date validates its compensation philosophy.

The Compensation Committee
Mason H. Lampton, Chair
G. Wayne Clough

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Gardiner W. Garrard, Jr., Mason H. Lampton and G. Wayne Clough served as members of TSYS' Compensation Committee during 2003. No member of the Committee is a current or former officer or employee of TSYS or its subsidiaries. Mr. Garrard no longer serves as a member of the Committee.

TRANSACTIONS WITH MANAGEMENT

TSYS has entered into an agreement with CB&T with respect to the use of aircraft owned or leased by CB&T and W.C.B. Air L.L.C. CB&T and W.C.B. Air are parties to a Joint Ownership Agreement pursuant to which they jointly own or lease aircraft. W.C. Bradley Co. owns all of the limited liability company interests of W.C.B. Air. CB&T and W.C.B. Air have each agreed to pay fixed fees for each hour they fly the aircraft owned and/or leased pursuant to the Joint Ownership Agreement. TSYS paid CB&T \$1,163,922 for its use of the aircraft during 2003, which was used by CB&T to satisfy its commitments under the Joint Ownership Agreement. The charges payable by TSYS to CB&T in connection with its use of this aircraft approximate charges available to unrelated third parties in the State of Georgia for use of comparable aircraft for commercial purposes. During 2003, TSYS also leased office space in Columbus, Georgia at fair market value from W.C. Bradley Co. for lease payments of \$196,241. James H. Blanchard, Chairman of the Executive Committee of TSYS, Chief Executive Officer of Synovus and a director of CB&T, is a director of W.C. Bradley Co. James D. Yancey, Chairman of the Board of Synovus and CB&T and a director of TSYS, is a director of W.C. Bradley Co. John T. Turner, a director of W.C. Bradley Co., is a director of TSYS and CB&T. William B. Turner, Jr., John T. Turner's brother, is an officer and director of W.C. Bradley and is also a director of Synovus and CB&T. W. Walter Miller, Jr., a director of W.C. Bradley Co., is a director of TSYS.

King & Spalding, a law firm located in Atlanta, Georgia, performed legal services on behalf of TSYS during 2003. Walter W. Driver, Jr., a director of TSYS, is Chairman of King & Spalding. Mr. Driver does not personally provide any legal services to TSYS.

On June 6, 2003, TSYS purchased an aggregate of 800,000 restricted shares of Vital Processing Services, LLC, a joint venture which is 50% owned by TSYS, from certain of its executive officers. On June 12, 2000, TSYS granted Messrs. Ussery, Tomlinson, Pruett, Tye, Woods and Lipham 100,000, 200,000, 100,000, 100,000, 100,000 and 200,000 restricted shares, respectively, of Vital with a three year cliff vesting schedule. The value of the awards were \$325,000, \$650,000, \$325,000, \$325,000, \$325,000 and \$650,000, respectively, based upon an independent, third party valuation of Vital conducted as of the date of grant. In connection with the termination of Vital's stock-based compensation plans, TSYS offered to repurchase the restricted shares granted to its executives. TSYS paid Messrs. Ussery, Tomlinson, Pruett, Tye, Woods and Lipham \$385,000, \$770,000, \$385,000, \$385,000, \$385,000 and \$770,000, respectively, for their restricted shares. The purchase price for the restricted shares was based upon an independent, third party valuation of Vital conducted as of May 31, 2003.

Michael O. Ussery, the brother of Richard W. Ussery, Chairman of TSYS, was employed by a subsidiary of TSYS as a director of sales during 2003. Michael O. Ussery received \$74,417 in compensation for his services during the year. John Dale Hester, a son-in-law of Richard W. Ussery, was employed by TSYS as a director of sales and marketing during 2003. Mr. Hester received \$134,948 in compensation for his services during the year. Mack Paul Daffin, Jr., a son-in-law of Philip W. Tomlinson, Chief Executive Officer and a director of TSYS, was employed by TSYS as a director of distributed technology during 2003. Mr. Daffin received \$142,765 in compensation for his services during the year. Roderick Cowan Hunter, the son-in-law of director James D. Yancey, was employed by TSYS as a director of sales and marketing during 2003. Mr. Hunter received \$107,169 in compensation for his services during the year. The compensation received by the employees listed above is determined under the standard compensation practices of TSYS.

For a description of certain transactions between TSYS and its affiliated companies, upon whose Boards of Directors certain of TSYS' directors also serve, see "Electronic Payment Processing Services Provided to CB&T and Certain of Synovus' Subsidiaries; Other Agreements Between TSYS, Synovus, CB&T and Certain of Synovus' Subsidiaries" on page 22.

RELATIONSHIPS BETWEEN TSYS, SYNOVUS, CB&T AND CERTAIN OF SYNOVUS' SUBSIDIARIES

Beneficial Ownership of TSYS Stock by CB&T

The following table sets forth the number of shares of TSYS stock beneficially owned by CB&T, the only known beneficial owner of more than 5% of the issued and outstanding shares of TSYS stock, as of December 31, 2003.

Name and Address of Beneficial Owner	Shares of TSYS Stock Beneficially Owned as of 12/31/03	Percentage of Outstanding Shares of TSYS Stock Beneficially Owned as of 12/31/03
Columbus Bank and Trust Company 1148 Broadway Columbus, Georgia 31901	159,630,980 ⁽¹⁾⁽²⁾	81.1%

(1) CB&T individually owns these shares.

(2) As of December 31, 2003, Synovus Trust Company, N.A., a wholly owned trust company subsidiary of CB&T, and the other banking, brokerage, investment advisory and trust company subsidiaries of Synovus held in various fiduciary or advisory capacities a total of 2,846,409 shares (1.45%) of TSYS stock. Of this total, Synovus Trust Company held 2,629,111 shares as to which it possessed sole voting power, 2,581,444 shares as to which it possessed sole investment power, 204,714 shares as to which it possessed shared voting power and 220,606 shares as to which it possessed shared investment power. The other banking, brokerage, investment advisory and trust company subsidiaries of Synovus held 18,500 shares as to which they possessed sole investment power. In addition, as of December 31, 2003, Synovus Trust Company and the other banking, brokerage, investment advisory and trust company subsidiaries of Synovus held in various agency or non-advisory capacities an additional 3,083,785 shares of TSYS stock as to which they possessed no voting or investment power. Synovus and its subsidiaries disclaim beneficial ownership of all shares of TSYS stock which are held by them in various fiduciary, advisory, non-advisory and agency capacities.

CB&T, by virtue of its individual ownership of 159,630,980 shares, or 81.1%, of the outstanding shares of TSYS stock on December 31, 2003 is able to, and intends to, elect a majority of TSYS' Board of Directors. CB&T presently controls TSYS. Synovus presently controls CB&T.

Interlocking Directorates of TSYS, Synovus and CB&T

Six of the seventeen members of and nominees to serve on TSYS' Board of Directors also serve as members of the Boards of Directors of Synovus and CB&T. They are James H. Blanchard, Richard Y. Bradley, Gardiner W. Garrard, Jr., John P. Illges, III, H. Lynn Page and James D. Yancey. Alfred W. Jones III serves as a director of Synovus, Mason H. Lampton serves as an Advisory Director of CB&T and as a director of Synovus and John T. Turner serves as a director of CB&T.

Synovus Stock Ownership of Directors and Management

The following table sets forth the number of shares of Synovus stock beneficially owned by TSYS' directors, by each executive officer named in the Summary Compensation Table on page 13 and by all directors and executive officers as a group as of December 31, 2003.

Name	Shares of Synovus Stock Beneficially Owned with Sole Voting and Investment Power as of 12/31/03	Shares of Synovus Stock Beneficially Owned with Shared Voting and Investment Power as of 12/31/03	Total Shares of Synovus Stock Beneficially Owned as of 12/31/03⁽¹⁾	Percentage of Outstanding Shares of Synovus Stock Beneficially Owned as of 12/31/03
James H. Blanchard	1,234,719 ⁽²⁾	204,415	2,897,163	1.0
Richard Y. Bradley	23,681	84,887	108,568	*
G. Wayne Clough	—	—	—	—
Walter W. Driver, Jr.	—	—	—	—
Gardiner W. Garrard, Jr.	204,147	879,211	1,083,358	*
Sidney E. Harris	—	—	—	—
John P. Illges, III	280,704	441,429	722,133	*
Alfred W. Jones III	7,496	—	7,496	*
Mason H. Lampton	94,458	278,981 ⁽³⁾	373,439	*
W. Walter Miller, Jr.	30,873	498,391	572,960	*
H. Lynn Page	746,826	11,515	758,341	*
William A. Pruett	11,082	—	152,269	*
Philip W. Tomlinson	55,296	—	366,949	*
John T. Turner	478,056	—	478,056	*
Kenneth L. Tye	—	—	59,446	*
Richard W. Ussery	58,224	878	563,734	*
M. Troy Woods	1,190	—	113,258	*
James D. Yancey	1,062,101	90,090	2,136,125	*
Rebecca K. Yarbrough	45,074	11,869	56,943	*
Directors and Executive Officers as a Group (21 persons)	4,503,675	2,504,856	11,186,384	3.7

* Less than one percent of the outstanding shares of Synovus stock.

(1) The totals shown for the following directors and executive officers of TSYS include the number of shares of Synovus stock that each individual, as of December 31, 2003, has the right to acquire within 60 days through the exercise of stock options:

Person	Number of Shares
James H. Blanchard	1,458,029
W. Walter Miller, Jr.	43,696
William A. Pruett	141,187
Philip W. Tomlinson	311,653
Kenneth L. Tye	59,446
Richard W. Ussery	504,632
M. Troy Woods	112,068
James D. Yancey	983,934

In addition, the other executive officers of TSYS had rights to acquire an aggregate of 563,208 shares of Synovus stock within 60 days through the exercise of stock options.

(2) Includes 59,784 shares with respect to which Mr. Blanchard has no investment power.

(3) Includes 276,187 shares of Synovus stock held in a trust for which Mr. Lampton is not the trustee. Mr. Lampton disclaims beneficial ownership of such shares.

Electronic Payment Processing Services Provided to CB&T and Certain of Synovus' Subsidiaries; Other Agreements Between TSYS, Synovus, CB&T and Certain of Synovus' Subsidiaries

The terms of the transactions set forth below are comparable to those provided for between similarly situated unrelated third parties in similar transactions.

During 2003, TSYS provided electronic payment processing services to CB&T and certain of Synovus' other banking subsidiaries. The electronic payment processing agreement between TSYS and CB&T can be terminated by CB&T upon 60 days prior written notice to TSYS or terminated by TSYS upon 180 days prior written notice to CB&T. During 2003, TSYS derived \$4,325,774 in revenues from CB&T and certain of Synovus' other banking subsidiaries for the performance of electronic payment processing services and \$5,457,656 in revenues from Synovus and its subsidiaries for the performance of other data processing, software and business process management services.

TSYS and Synovus are parties to a Lease Agreement pursuant to which Synovus leased from TSYS office space for lease payments aggregating \$684,922 during 2003. Synovus also paid TSYS \$2,075 during 2003 for data processing services.

TSYS and Synovus are parties to Management Agreements pursuant to which Synovus provided certain management services to TSYS. During 2003, these services included human resource services, maintenance services, security services, communications services, corporate education services, travel services, investor relations services, corporate governance services, legal services, regulatory and statutory compliance services, executive management services performed on behalf of TSYS by certain of Synovus' officers and financial services. As compensation for management services provided during 2003, TSYS paid Synovus aggregate management fees of \$8,038,296. Management fees are subject to future adjustments based upon charges at the time by unrelated third parties for comparable services.

During 2003, Synovus Trust Company served as Trustee of various employee benefit plans of TSYS. During 2003, TSYS paid Synovus Trust Company trustee's fees under these plans of \$544,726. Also during 2003, Synovus Investment Advisors, Inc., a subsidiary of Synovus, provided advisory services to various employee benefit plans of TSYS for advisory fees of \$31,772.

During 2003, CB&T paid TSYS Total Debt Management, Inc., a subsidiary of TSYS, \$164,970 for debt collection services.

During 2003, Columbus Depot Equipment Company, a wholly owned subsidiary of TSYS, and Synovus, CB&T and two of Synovus' other subsidiaries were parties to Lease Agreements pursuant to which Synovus, CB&T and two of Synovus' other subsidiaries leased from Columbus Depot Equipment Company computer related equipment for bankcard and bank data processing services for lease payments aggregating \$18,265.

During 2003, Synovus and CB&T paid TSYS an aggregate of \$1,284,921 for miscellaneous reimbursable items, such as data links, network services and postage, primarily related to processing services provided by TSYS.

During 2003, Synovus, CB&T and other Synovus subsidiaries paid to Columbus Productions, Inc., a wholly owned subsidiary of TSYS, \$731,299 for printing services.

During 2003, CB&T leased office space from TSYS for lease payments of \$39,405. In addition, TSYS leased furniture and equipment from CB&T during 2003 for lease payments of \$318,940. Also during 2003, TSYS and its subsidiaries were paid \$582,056 of interest by CB&T in connection with deposit accounts with, and commercial paper purchased from, CB&T. Furthermore, during 2003 TSYS paid CB&T interest of \$29,257 in connection with a line of credit and fees of \$124,376 for the provision of other banking services.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires TSYS' officers and directors, and persons who own more than ten percent of TSYS stock, to file reports of ownership and changes in ownership on Forms 3,4 and 5 with the Securities and Exchange Commission and the New York Stock Exchange. Officers, directors and greater than ten percent shareholders are required by SEC regulations to furnish TSYS with copies of all Section 16(a) forms they file.

To TSYS' knowledge, based solely on its review of the copies of such forms received by it, and written representations from certain reporting persons that no Forms 5 were required for those persons, TSYS believes that during the fiscal year ended December 31, 2003, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with, except for the following. Mr. Driver and Mrs. Yarbrough each filed one late report, each of which reported one transaction late.

SHAREHOLDER PROPOSALS AND NOMINATIONS

In order for a shareholder proposal to be considered for inclusion in TSYS' Proxy Statement for the 2005 Annual Meeting of Shareholders, the written proposal must be received by the Corporate Secretary of TSYS at the address below. The Corporate Secretary must receive the proposal no later than November 10, 2004. The proposal will also need to comply with the SEC's regulations under Rule 14a-8 regarding the inclusion of shareholder proposals in company sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary
Total System Services, Inc.
901 Front Avenue, Suite 301
Columbus, Georgia 31901

For a shareholder proposal that is not intended to be included in TSYS' Proxy Statement, or if you want to nominate a person for election as a director, you must provide written notice to the Corporate Secretary at the address above. The Secretary must receive this notice not earlier than December 10, 2004 and not later than January 24, 2005. The notice of a proposed item of business must provide information as required in the bylaws of TSYS which, in general, require that the notice include for each matter a brief description of the matter to be brought before the meeting; the reason for bringing the matter before the meeting; your name, address, and number of shares you own; and any material interest you have in the proposal.

The notice of a proposed director nomination must provide information as required in the bylaws of TSYS which, in general, require that the notice of a director nomination include your name, address and the number of shares you own; the name, age, business address, residence address and principal occupation of the nominee; and the number of shares beneficially owned by the nominee. It must also include the information that would be required to be disclosed in the solicitation of proxies for the election of a director under federal securities laws. You must submit the nominee's consent to be elected and to serve. A copy of the bylaw requirements will be provided upon request to the Corporate Secretary at the address above.

GENERAL INFORMATION

Financial Information

Consolidated financial statements for TSYS and its subsidiaries are attached as a Financial Appendix to this Proxy Statement and are included in the Annual Report on Form 10-K as filed with the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. A copy of the 2003 Form 10-K (excluding exhibits) will be furnished, without charge, by writing to the Corporate Secretary, Total System Services, Inc., 901 Front Avenue, Suite 301, Columbus, Georgia 31901. The Form 10-K is also available on the Internet at www.tsys.com/finance. Click on "Financials" and "SEC Filings."

Solicitation of Proxies

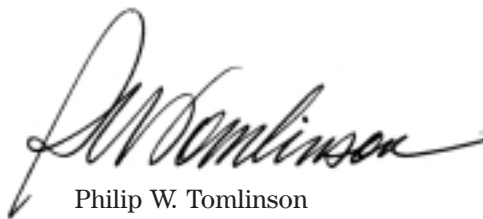
TSYS will pay the cost of soliciting proxies. Proxies may be solicited on behalf of TSYS by directors, officers or employees by mail, in person or by telephone, facsimile or other electronic means. TSYS will reimburse brokerage firms, nominees, custodians and fiduciaries for their out-of-pocket expenses for forwarding proxy materials to beneficial owners.

Householding

The Securities and Exchange Commission has adopted amendments to its proxy rules which permit companies and intermediaries, such as brokers and banks, to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement to those shareholders. This method of delivery, often referred to as householding, should reduce the amount of duplicate information that shareholders receive and lower printing and mailing costs for companies. TSYS is not householding proxy materials for its shareholders of record in connection with its 2004 Annual Meeting. However, we have been notified that certain intermediaries will household proxy materials. If you hold your shares of TSYS stock through a broker or bank that has determined to household proxy materials:

- Only one annual report and proxy statement will be delivered to multiple shareholders sharing an address unless you notify your broker or bank to the contrary;
- You can contact TSYS by calling (706) 649-5220 or by writing Investor Relations Manager, Total System Services, Inc., P.O. Box 120, Columbus, Georgia 31902 to request a separate copy of the annual report and proxy statement for the 2004 Annual Meeting and for future meetings or you can contact your bank or broker to make a similar request; and
- You can request delivery of a single copy of annual reports or proxy statements from your bank or broker if you share the same address as another TSYS shareholder and your bank or broker has determined to household proxy materials.

The above Notice of Annual Meeting and Proxy Statement are sent by order of the TSYS Board of Directors.



Philip W. Tomlinson
Chief Executive Officer

March 10, 2004

Appendix A
TOTAL SYSTEM SERVICES, INC.[®]
AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee is appointed by the Board of Directors of the Company to assist the Board in fulfilling its oversight responsibilities for the Company's accounting and financial reporting processes and audits of the financial statements of the Company, by monitoring:

- The integrity of the Company's financial statements;
- The independence and qualifications of its independent auditor;
- The Company's system of internal controls;
- The performance of the Company's internal audit function and independent auditor; and
- The Company's compliance with legal and regulatory requirements.

The Committee shall also prepare an audit committee report as required by the Securities and Exchange Commission ("SEC") to be included in the Company's annual proxy statement.

AUTHORITY

The Committee has authority to conduct or authorize examinations into any matters within its scope of responsibility.

It has sole authority to:

- Appoint, compensate, retain, evaluate, terminate and directly oversee the work of the Company's independent auditor (subject to shareholder ratification if applicable). The independent auditor will report directly to the Audit Committee;
- Resolve any disagreements between management and the auditor regarding financial reporting; and
- Pre-approve all audit services and permitted non-audit services provided to the Company by its independent auditor to the extent required by and in a manner consistent with applicable law.

It also has authority to:

- Retain outside advisors, including counsel, as it determines necessary to carry out its duties;
- Seek any information it requires from employees—all of whom are directed to cooperate with the Committee's requests—or external parties;
- Meet with Company officers, independent auditor, or outside counsel, as necessary;
- Form and delegate to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit services and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting; and
- Establish detailed pre-approval policies for permitted non-audit services.

The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any registered public accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company and to any advisors employed by the Committee.

COMPOSITION

The Committee will consist of at least three members of the Board of Directors. The Board will appoint Committee members and the Committee Chair after taking into consideration the recommendation of the Company's Corporate Governance and Nominating Committee. Committee members may be replaced by the Board of Directors.

Each Committee member shall meet the independence and experience requirements of the New York Stock Exchange, Section 10A(m)(3) of the Securities Exchange Act of 1934 ("Exchange Act"), and the rules and regulations of the SEC. At least one member shall satisfy the definition of, and be designated as, a "financial expert", as defined by the SEC; provided, however, that if no member of the Committee satisfies such definition, the Committee shall direct the Company to include appropriate disclosures in SEC filings as required by SEC rules and regulations then in effect. No Committee member shall serve simultaneously on the Audit Committees of more than two other public companies without the approval of the Board. Any such approval will be disclosed in the proxy statement.

MEETINGS

The Committee will meet as often as it determines is appropriate, but not less frequently than quarterly. All Committee members are expected to attend each meeting, in person or via tele- or videoconference. The Committee periodically will hold private meetings with management, the chief audit executive and the independent auditor. The Committee may invite any officer or employee of the Company, the independent auditor, counsel or others to attend meetings and provide pertinent information. Meeting agendas will be prepared by the chief audit executive in consultation with the Chairman of the Committee and provided in advance to members, along with appropriate briefing materials.

RESPONSIBILITIES

The Committee will carry out the following responsibilities:

Financial Statements

- Review and discuss with management and the independent auditor significant accounting and financial reporting issues, including complex or unusual transactions and judgments concerning significant estimates or significant changes in the Company's selection or application of accounting principles, and recent professional, accounting and regulatory pronouncements and initiatives, and understand their impact on the Company's financial statements.
- Review with management and the independent auditor the results of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
- Review and discuss with management and the independent auditor the annual audited consolidated financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board of Directors whether they should be included in the Company's Form 10-K.
- Review and discuss with management and the independent auditor the disclosure required by the SEC to be included in the Company's proxy statement with respect to the independent auditor's fees.
- Review and discuss with management and the independent auditor interim financial statements, including the results of the independent auditor's review of the quarterly financial statements, before filing the Company's Form 10-Q with the SEC.

- Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Forms 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
- At least annually prior to the filing of the Company's Form 10-K with the SEC (and more frequently if appropriate), review and discuss written and verbal reports from the independent auditor on: (1) all critical accounting policies and practices to be used; (2) all alternative treatments within generally accepted accounting principles that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor; and (3) other material written communications between the external auditor and management, such as any management letter or schedules of unadjusted differences.
- Review with management and the independent auditor all matters required to be communicated by the independent auditor to the Committee under generally accepted auditing standards, including matters required to be discussed by Statement on Auditing Standards No. 61 and No. 90 relating to conduct of the audit.
- Discuss with management the Company's earnings press releases, including the use of any non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

Internal Controls and Risk Management

- Consider the effectiveness of the Company's internal control systems, including information technology security and control.
- Meet with management to review the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
- Understand the scope of Internal Audit's and the independent auditor's reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit

- Review with management, the independent auditor and the chief audit executive the plans, activities, staffing and organizational structure of the Internal Audit function, and any recommended changes thereto, as well as staff qualifications.
- Review significant reports to management prepared by Internal Audit and management's responses.
- Ensure there are no unjustified restrictions or limitations on the chief audit executive's scope of activities or access to information, and review and concur in the appointment, replacement, or dismissal of the chief audit executive.
- On a regular basis, meet separately with the chief audit executive to discuss any matters that the Committee or Internal Audit believes should be discussed privately.
- Have the chief audit executive report to the Committee.

External Audit

- Have the independent auditor report directly to the Committee.
- Meet with the independent auditor to discuss the independent auditor's proposed audit planning, scope, staffing and approach, including coordination of its effort with Internal Audit. This discussion shall include a review of, and concurrence by the Committee with, the appointment by the independent auditor of the lead (or coordinating) audit partner having primary responsibility for the Company's audit.

- Obtain and review annually a report from the independent auditor regarding its quality control procedures, and material issues raised by the most recent internal quality control review, or peer review, of the firm or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more of the independent audits carried out by the firm, and any steps taken to deal with any such issues and all relationships between the independent auditor and the Company.
- Evaluate, and present to the Board of Directors its conclusions regarding, the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and permitted non-audit services are compatible with maintaining the auditor's independence, and taking into account the opinions of management and the Internal Auditors.
- Ensure the rotation of the audit partners as required by law and consider whether in order to assure continuing auditor independence it is appropriate to adopt a policy of rotating the external audit firm on a regular basis.
- Establish policies concerning the Company's hiring of employees or former employees of the independent auditor, as required by law and by NYSE listing standards.
- On a regular basis, meet separately with the independent auditor to discuss any matters that the Committee or independent auditor believes should be discussed privately.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations. The results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance should also be reviewed.
- Obtain from the independent auditor any information with respect to illegal acts in accordance with Section 10A(b) of the Exchange Act.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Review and discuss with management and the independent auditor any correspondence with, or the findings of any examinations by, regulatory agencies and any published reports or auditor observations that raise significant issues regarding the Company's financial statements or accounting policies.
- Obtain regular updates from management and Company counsel regarding compliance matters and legal matters that may have a significant impact on the financial statements and related disclosures or the Company's compliance policies.

Reporting Responsibilities

- Regularly report to the Board of Directors about Committee activities, issues and related recommendations.
- Provide an open avenue of communication between Internal Audit, the independent auditor and the Board of Directors.
- Review any other reports the Company issues that relate to Committee responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Committee charter annually, request Board approval for proposed changes and ensure appropriate disclosure as may be required by law or regulation.
- Annually review the Committee's own performance, including a review of the compliance of the Committee with this charter.